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Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 COME-00 EB-07 INR-07
LAB-04 NSAE-00 SIL-01 DODE-00 PM-04 H-01 L-03 NSC-05
PA-01 PRS-01 SP-02 SS-15 USIA-06 TRSE-00 OMB-01 /084 W
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FM AMEMBASSY ATHENS
TO SECSTATE WASHDC 8695
INFO USMISSION EC BRUSSELS
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EO 11652: NA
TAGS: ELAB GR
SUBJECT: LABOR DEMANDS BEGIN NEGOTIATIONS ON WAGE INCREASE
AND MAJOR INSTITUTIONAL REFORMS

1. BEGIN SUMMARY. THE GREEK GENERAL CONFEDERATION OF LABOR (GSEE) HAS MADE A PUBLIC DEMAND FOR A 22 PERCENT INCREASE IN MINIMUM WAGE LEVELS AND FOR THE IMPLEMENTATION OF SEVERAL IMPORTANT LABOR PRACTICES, INCLUDING AN AUTOMATIC CHECK-OFF SYSTEM TO FINANCE THE GREEK LABOR MOVEMENT AS RECOMMENDED BY THE ICFTU AND THE ETUC. THE GSEE WAGE PROPOSAL WAS SPARKED IN PART BY AN ANNUAL INFLATION RATE OF APPROXIMATELY 13 PERCENT AND IN PART BY DEMANDS FROM DISSIDENT LEFTIST FACTIONS WITHIN GSEE FOR AN INCREASE OF 35-40 PERCENT. REPRESENTATIVES OF GSEE AND NATIONAL EMPLOYERS GROUPS SHOULD BEGIN NEGOTIATIONS ON THE DEMANDS WITHIN THE NEXT FEW WEEKS. WE ANTICIPATE THEY WILL COMPROMISE ON A MINIMUM WAGE INCREASE OF SOMEWHAT BETWEEN 13 AND 22 PERCENT AND THAT THE EMPLOYERS WILL ACCEPT SOME OF THE OTHER DEMANDS, INCLUDING A CHECK-OFF SYSTEM. IMPLEMENTATION OF THE CHECK-OFF REQUIRES PARLIAMENTARY ACTION, HOWEVER, SO THE CURRENT SYSTEM OF INDIRECT GOVERNMENT SUBSIDY WILL
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CONTINUE TO FINANCE THE GREEK LABOR MOVEMENT FOR SOME TIME. END SUMMARY.

2. GSEE ANNOUNCED JAN 12 THAT IT WOULD SEEK A 22 PERCENT INCREASE IN NATIONAL MINIMUM WAGE LEVELS, AS WELL AS AN IMPRESSIVE LIST OF FRINGE BENEFITS AND INSTITUTIONAL REFORMS. THEY INCLUDE: A UNION DUES

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CHECK OFF SYSTEM; PENSION COVERAGE AFTER 35 YEARS
EMPLOYMENT REGARDLESS OF AGE (UNDER CURRENT LAW SOME
WORKERS MAY QUALIFY FOR FULL PENSION AT 62 YEARS OF AGE
BUT MOST QUALIFY AT 65); A 42 HOUR WORK WEEK (THE
CURRENT WORK WEEK IS 45 HOURS); 60 HOURS PAID LEAVE
PER MONTH TO WORKERS WHO ARE UNION OFFICIALS FOR UNION
BUSINESS; A 300 PERCENT INCREASE IN FAMILY ALLOWANCES;
DECREASED TAXES; INCREASED PENSION BENEFITS, AND
IMPROVEMENTS IN THE LABOR MINISTRYS MONITORING OF
WORKING CONDITIONS. THIS IS A MIXED BAG. ALL WOULD
REQUIRE SOME FORM OF GOVERNMENT ACTION FOR IMPLEMENTATION
AND IN OTHERS, SUCH AS TAX CUTS, MANAGEMENT
WOULD HAVE NO ROLE AT ALL.

3. SINCE THE GSEE'S DECLARATION, PRIME MINISTER
CARAMANLIS, FINANCE MINISTER DEVLETOGLOU AND LABOR
MINISTER LASKARIS HAVE ALL SIGNALLED PUBLICLY THAT
THEY EXPECT RESTRAINT FROM LABOR. ON JAN 13
DEVLETOGLOU ANNOUNCED THAT THE GOVERNMENT WILL
EXTEND EVERY EFFORT TO HOLD INFLATION BELOW 10 PERCENT
IN 1977 AND, ALTHOUGH IT WILL NOT IMPOSE AUTOMATIC
WAGE OR PRICE CONTROLS, IT IS DETERMINED TO HOLD
WAGE INCREASES TO LEVELS "TOLERABLE TO THE WELL-BEING
OF THE ECONOMY". THAT EVENING, LASKARIS READ A
MESSAGE FROM CARAMANLIS TO A GATHERING OF 300 LABOR
LEADERS IN WHICH THE PRIME MINISTER CAUTIONED THAT
"PROBLEMS CAN BE CONFRONTED SUCCESSFULLY ONLY THROUGH
CLOSE COOPERATION BETWEEN THE GOVT AND LABOR REPRE-
SENTATIVES." LASKARIS FOLLOWED UP WITH A SPEECH
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EMPHASIZING THAT THE GOVT WILL EVALUATE THE
RECOMMENDATIONS OF THE BARGAINING PARTIES IN RELATION
TO THE GENERAL ECONOMIC OUTLOOK WITH ITS MAIN GOAL
BEING A REDUCTION IN THE RATE OF INFLATION.

4. THE OFFICIAL COST OF LIVING INCREASE FIGURE,
APPROXIMATELY 13 PERCENT SINCE CURRENT MINIMUM WAGE
LEVELS WERE SET BY AN ARBITRATION COURT ON FEBRUARY 13,
1976, WILL PROBABLY SERVE AS THE GOVERNMENTS
BENCH MARK FOR WAGE INCREASES. REPORTEDLY, THE MINISTRY
OF COORDINATION'S COMMITTEE ON PRICES AND INCOME,
WHICH DEVELOPS WAGE POLICY, HAS RECOMMENDED A 12-14
PERCENT INCREASE. SOME WAGE INCREASES ARE CLEARLY IN
ORDER AND, AS THE INCREASES GRANTED ON MINIMUM LEVELS
WILL SET PARAMETERS FOR SUBSEQUENT INCREASES AT HIGHER
LEVELS, BOTH GSEE AND THE GOVERNMENT DESIRE EARLY
ACTION.

5. GSEE PRESIDENT NIKOS PAPAGEORGIOU AND GENERAL

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SECRETARY CHRISTOS KARAKITSOS DISCUSSED GSEE'S DEMANDS
WITH THE EMBASSY LABOR OFFICER ON JAN 12. THEY
SAID THAT THEIR MINIMUM WAGE LEVEL PROPOSAL HAD BEEN
HAMMERED OUT IN A LENGTHY SESSION OF THE 35-MEMBER
GSEE ADMINISTRATIVE BOARD ON JANUARY 11, HIGHLIGHTED
BY ACRIMONIOUS EXCHANGES BETWEEN LEFTIST AND RIGHTIST
FACTIONS. PAPAGEORGIOU COMMENTED THAT HIS MINIMUM
POSITION WAS A 13 PERCENT INCREASE AND ANYTHING ABOVE
THIS WOULD BE A WELCOME BONUS.

6. BOTH HE AND KARAKITSOS WERE CONFIDENT THAT A DUES
CHECK OFF SYSTEM WOULD BE ACCEPTED. THE ICFTU AND ETUC
HAVE REPEATEDLY CRITICIZED THE CURRENT SYSTEM OF
FINANCING THE GREEK LABOR MOVEMENT. BY LAW, EVERY
SALARIED GREEK WORKER IS ASSESSED ONE DAY'S WAGES
EACH YEAR BY THE GOVERNMENT. A PORTION OF THESE
FUNDS ARE THEN ALLOCATED TO GSEE AND OTHER LABOR
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ENTITIES THROUGH A SEMI-AUTONOMOUS AGENCY. OVER THE
PAST SEVERAL MONTHS, IN RESPONSE TO ICFTU AND ETUC
CRITICISM, LASKARIS, COORDINATION MINISTER PAPALIGOURAS
AND OTHER OFFICIALS HAVE PUBLICLY COMMITTED THE
GOVERNMENT TO IMPLEMENTATION OF AN INDEPENDENT
CHECK-OFF SYSTEM AS SOON AS ONE CAN BE DEVISED.
PAPAGEORGIOU SAID THAT THE GOVERNMENT WOULD ACCEPT
EARLY AGREEMENT BY GSEE AND MANAGEMENT ON THE
PRINCIPLE, BUT THAT PARLIAMENT MUST DRAFT AND APPROVE
NEW LEGISLATION TO BRING IT INTO FORCE. HE ALSO
COMMENTED THAT ONLY THE MOSCOW-ORIENTED ESAK FACTION OF GSEE
NOW OPPOSES SWITCHING TO THE CHECK OFF SYSTEM AS IT
ALREADY EXTRACTS DUES FROM ITS MEMBERS WHILE ALSO
RECEIVING ITS PROPORTIONATE SHARE OF THE GSEE BUDGET.

7. COMMENT: MINIMUM WAGE INCREASES ARE THE MOST
IMPORTANT ECONOMIC ELEMENT IN THE GSEE PACKAGE AS THEY
WILL SET THE PACE FOR WAGE INCREASES FOR THOSE IN
HIGHER POSITIONS DURING THE NEXT SEVERAL MONTHS. IF MINIMUM
WAGES ARE SET NEAR 13 PERCENT, THEY WILL APPROXIMTE OFFICIAL IN-
FLATION FIGURES. THESE FIGURS ARE SKEWED BY PRICE SURVEYS WHICH
INCLUDE ITEMS RARELY PURCHASED BY MOST CONSUMERS,
HOWEVER. TO KEEP ABREAST OF PRICE INCREASES FOR FOOD,
HOUSING, ETC., UNION NEGOTIATORS MUST SEEK INCREASES
IN FRINGE BENEFITS, SUCH AS FAMILY ALLOWANCES.
INCLUSION OF THE CHECK-OFF PROPOSAL MOVES GSEE, AND THE
GOVERNMENT, ONE STEP CLOSER TO MEETING THEIR COMMITMENT
TO THE ICFTU AND ETUC.
MILLS

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